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TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- ☒ New
- ☐ Resubmission (Non-Recordation)
Document ID #
- ☐ Correction of PTO Error
Reel # Frame #
- ☐ Corrective Document
Reel # Frame #

Conveyance Type

- ☐ Assignment ☐ License
- ☒ Security Agreement ☐ Nunc Pro Tunc Assignment
- ☐ Merger
- ☐ Change of Name
- ☐ Other
- Effective Date
Month Day Year

Conveying Party

☐ Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

- ☐ Individual ☐ General Partnership ☐ Limited Partnership ☒ Corporation ☐ Association
- ☐ Other
- ☒ Citizenship/State of Incorporation/Organization

Receiving Party

☐ Mark if additional names of receiving parties attached

Name

DBA/AK/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

- ☐ Individual ☐ General Partnership ☐ Limited Partnership
- ☐ Corporation ☒ Association
- ☒ Other

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

☐ Citizenship/State of Incorporation/Organization

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Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

(212) 735-2656

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).**Trademark Application Number(s)****Registration Number(s)**

75236939

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

40.00

Method of Payment:

Enclosed ☒Deposit Account ☐

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes ☐No ☐**Statement and Signature**

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Kristine Fyfe

Name of Person Signing

Signature

3/19/99

Date Signed

**AMENDED AND RESTATED
BORROWER SECURITY AGREEMENT**

THIS AMENDED AND RESTATED BORROWER SECURITY AGREEMENT, dated as of March 4, 1999 (as the same may be amended, restated, supplemented or otherwise modified from time to time, this "Security Agreement"), by and between CKE Restaurants, Inc., a Delaware corporation, (the "Assignor"), and Paribas, acting in its capacity as agent (the "Agent") for itself, and the lenders parties to the Credit Agreement referred to below and any Interest Rate Hedge Providers.

W I T N E S S E T H:

WHEREAS, the Assignor is entering into that certain Second Amended and Restated Credit Agreement, dated as of the date hereof with the Lenders (as defined therein) and the Agent (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") pursuant to which the Lenders have agreed, subject to certain conditions precedent, to make loans and other financial accommodations to the Assignor from time to time;

WHEREAS, the Credit Agreement permits the Assignor to enter into certain Interest Rate Agreements (as defined in the Credit Agreement) with Interest Rate Hedge Providers (as defined in the Credit Agreement);

WHEREAS, the Assignor has entered into that certain Borrower Security Agreement, dated as of July 15, 1997, by the Assignor in favor of the Agent (as the same has been amended, restated, supplemented or otherwise modified prior to the date hereof, the "Original Borrower Security Agreement");

WHEREAS, subject to and upon the terms and conditions set forth herein, the parties hereto wish to amend and restate the Original Borrower Security Agreement in the form of this Security Agreement and that this Security Agreement not constitute a novation thereof; and

WHEREAS, the execution and delivery by the Assignor of this Security Agreement is a condition precedent to the making of such loans and other financial accommodations.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make such loans and other financial accommodations under the Credit Agreement and to induce any Interest Rate Hedge Providers to enter into Interest Rate Agreements, the Assignor hereby agrees as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. Unless otherwise defined herein, all terms defined in the UCC (as defined below) shall have the meanings assigned to them in the UCC. Capitalized terms used but not otherwise defined herein are used herein as defined in the Credit Agreement. As used herein, the following terms have the following meanings:

"Accounts" shall mean "accounts" as such term is defined in Section 9-106 of the UCC.

"Chattel Paper" shall mean "chattel paper" as such term is defined in Section 9-105(b) of the UCC.

"Collateral" shall have the meaning assigned to it in Article II hereof.

"Collateral Account" shall mean the account (which may be a securities account) maintained pursuant to this Security Agreement by the Agent, entitled "CKE Restaurants, Inc. Collateral Account, Paribas as Agent and as secured party," and all funds and instruments or other items from time to time credited to such account and all interest thereon.

"Collateral Records" shall mean books, records, computer software, computer printouts, customer lists, blueprints, technical specifications, manuals, and similar items which relate to any Collateral.

"Contracts" shall mean the following: the Seller Agreements, the Copyright Licenses, Patent Licenses, Trademark Licenses and Trade Secret Licenses, as any of the same may from time to time be amended, supplemented or otherwise modified.

"Copyright Licenses" shall mean all of the Assignor's right, title, and interest in and to any and all agreements providing for the granting of any right in or to Copyrights (whether the Assignor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Item B of Schedule V.

"Copyrights" shall mean all of the Assignor's right, title, and interest in and to all United States and foreign copyrights, whether registered or unregistered, now or hereafter in force throughout the world, all registrations and applications therefor including, without limitation, the registrations and applications referred to in Item A of Schedule V, all rights corresponding thereto throughout the world, all extensions and renewals of any of the foregoing, the right to sue for past infringements of any of the foregoing, and all licenses, royalties, income and payments with respect thereto, claims, damages and proceeds of suit.

"General Intangibles" shall mean "general intangibles" as such term is defined in Section 9-106 of the UCC, including, without limitation and whether or not constituting "general intangibles" as such term is defined in Section 9-106 of the UCC, rights to the payment of money (other than Accounts), Trademarks, Trade Secrets, Copyrights, Patents, and contracts, including, without limitation, Contracts, licenses including, without limitation, Copyright Licenses, Patent Licenses, Trademark Licenses, and Trade Secret Licenses, and franchises, limited and general partnership interests and joint venture interests, interests in limited and general partnership agreements and joint venture agreements, to the extent classified as a "general intangible" under the UCC under any applicable law, distributions on certificated securities (as defined in Section 8-102(1)(a) of the UCC) and uncertificated securities (as defined in Section 8-102(1)(b) of the UCC), computer programs and other computer software, inventions, designs, goodwill, proprietary rights, customer lists, supplier contracts, sale orders, correspondence, advertising materials, payments due in connection with any requisition, confiscation, condemnation, seizure or forfeiture of any property, reversionary interests in pension and profit-sharing plans and reversionary, beneficial and residual interests in trusts, credits with and other claims against any Person, any customer lists and any medium or form in which such lists are kept including, without limitation, computer disks, tapes or files and any books or records, together with any collateral for any of the foregoing and the rights under any

security agreement granting a security interest in such collateral; provided that "General Intangibles" shall not include any leases of real property.

"Instrument" shall mean "instrument" as such term is defined in Section 9-105(i) of the UCC.

"Intellectual Property Collateral" shall mean, collectively, the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks, the Trademark Licenses, the Trade Secrets, and the Trade Secret Licenses.

"Material Contract" shall mean any Contract which provides for payments to or by the Assignor which payments, in the aggregate with all other payments under such contract owing to or by the Assignor or any Subsidiary of the Assignor, exceed \$1,000,000 per year.

"Patent Licenses" means all of the Assignor's right, title, and interest in and to any and all agreements providing for the granting of any right in or to Patents (whether the Assignor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Item D of Schedule V.

"Patents" means all of the Assignor's right, title, and interest in and to all United States and foreign patents and applications for letters patent throughout the world, including, but not limited to each patent and patent application referred to in Item C of Schedule V, all reissues, divisions, continuations, continuations-in-part, extensions, renewals, and reexaminations of any of the foregoing, all rights corresponding thereto throughout the world, and all licenses, royalties, income and payments with respect thereto, claims, damages and proceeds of suit and the right to sue for past infringements of any of the foregoing.

"Permitted Liens" means Liens permitted to be created, incurred or to exist pursuant to Section 7.3 of the Credit Agreement.

"Proceeds" shall mean "proceeds" as such term is defined in Section 9-306(1) of the UCC.

"Secured Parties" shall mean the collective reference to the Agent and each Lender under the Credit Agreement and any Interest Rate Hedge Provider and "Secured Party" shall refer to any of the Secured Parties.

"Trademark Licenses" shall mean all of the Assignor's right, title, and interest in and to any and all agreements providing for the granting of any right in or to Trademarks (whether the Assignor is licensee or licensor thereunder) including, without limitation, all Franchise Agreements and each agreement referred to in Item F of Schedule V.

"Trademarks" shall mean all of the Assignor's right, title, and interest in and to all United States, state, and foreign trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, certification marks, collective marks, logos, other source or business identifiers, designs and general intangibles of a like nature, all registrations and applications for any of the foregoing including, without limitation, the registrations and applications referred to in Item E of Schedule V, all extensions or renewals of any of the foregoing; all of the goodwill of the business connected with the use of and symbolized by the foregoing; the right to sue for past infringement or dilution of any of the foregoing or for any injury to goodwill, and all licenses, royalties, income and payments with respect thereto, claims, damages and proceeds of suit.

"Trade Secret Licenses" shall mean all of the Assignor's right, title and interest in and to any and all payments providing for the granting of any right in or to Trade Secrets (whether the Assignor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Item G of Schedule V.

"Trade Secrets" shall mean all of the Assignor's right, title, and interest in and to trade secrets and all other confidential or proprietary information and know-how now or hereafter owned or used in, or contemplated at any time for use in, the business of the Assignor, whether or not the same has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating, or referring in any way thereto, the right to sue for past infringement thereof, and all licenses, royalties, income and payments with respect thereto, claims, damages and proceeds of suit.

"UCC" shall mean the Uniform Commercial Code as in effect on the date hereof in the State of Illinois.

ARTICLE II

GRANT OF SECURITY INTERESTS AND PLEDGE

As security for the prompt and complete payment and performance in full of all the Obligations, the Assignor hereby confirms its pledge and grants to the Agent for the benefit of itself, the Lenders and any Interest Rate Hedge Providers pursuant to the Original Borrower Security Agreement, and hereby assigns, pledges and transfers to the Agent for itself and the benefit of the Secured Parties, equally and ratably in proportion to the total Obligations owing at any time to the Agent, and the Lenders and the Interest Rate Hedge Providers, and grants to the Agent for itself and the benefit of the Secured Parties, equally and ratably in proportion to the total Obligations owing at any time to the Agent, the Lenders and the Interest Rate Hedge Providers, a security interest in and continuing lien on all of the Assignor's right, title and interest in, to and under the following, in each case, whether now owned or existing or hereafter acquired or arising, and wherever located (all of which being hereinafter collectively called the "Collateral"): (a) all Accounts, (b) all General Intangibles, (c) all Collateral Records, (d) the Collateral Account, and (e) all other intangible personal property of the Assignor; and all accessions and additions to, substitutions and replacements for, and all Proceeds of, any or all of the foregoing.

Notwithstanding anything in this Security Agreement to the contrary, with respect to each item of Collateral constituting an agreement, license, permit or other instrument of the Assignor (other than (i) Franchise Agreements with respect to which the Assignor is a party as a franchisor or licensor, (ii) other Contracts entered into on or after July 12, 1997 and (iii) joint venture or partnership agreements or limited liability company agreements which represent Investments which do not constitute Immaterial Subsidiaries or Immaterial Investments), such item shall be subject to the security interest created hereby only to the extent that the granting of such security interest does not, under the terms of such agreement, license, permit or other instrument, or as provided by law, cause any default under such agreement, license, permit or other instrument or the loss of any material right of the Assignor thereunder; provided, however, that in no event shall the foregoing be construed to exclude from the security interest created by this Security Agreement, Proceeds of any such agreement, license, permit or other instrument of the Assignor or any accounts receivable or the right to payments due or to become due the Assignor under any such agreement or other instrument.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Assignor hereby represents and warrants to the Agent and the Secured Parties, which representations and warranties shall survive execution and delivery of this Security Agreement, as follows:

3.1 Validity, Perfection and Priority. (a) The security interests in the Collateral granted to the Agent for itself and the ratable benefit of the Secured Parties hereunder constitute valid and continuing security interests in the Collateral.

(b) (i) Upon the filing of financing statements naming the Assignor as "debtor" and the Agent as "secured party" and describing the Collateral in the filing offices set forth on Schedule I hereto and (ii) to the extent not subject to Article 9 of the UCC, upon the recordation of the security interests granted hereunder in Patents, Trademarks and Copyrights in the applicable patent, trademark, and copyright registries, and the registration of all Copyrights, the security interests in the Collateral granted to the Agent for itself and the benefit of the Secured Parties hereunder will constitute perfected security interests therein superior and prior to all liens, rights or claims of all other Persons other than Permitted Liens.

3.2 No Liens; Other Financing Statements.

(a) Except for the pledge and security interest granted to the Agent for itself and the benefit of the Secured Parties hereunder, the Assignor owns and, as to all Collateral, whether now existing or hereafter acquired, will continue to own each item of the Collateral free and clear of any and all Liens (other than Permitted Liens), rights or claims of all other Persons, and the Assignor shall defend the Collateral against all claims and demands of all Persons at any time claiming the same or any interest therein adverse to the Agent or the Secured Parties.

(b) No financing statement or other evidence of any Lien covering or purporting to cover any of the Collateral is on file in any public office other than (i) financing statements filed or to be filed in connection with the security interests granted to the Agent for the benefit of itself and the Secured Parties, (ii) financing statements for which proper, executed termination statements have been delivered to the Agent for filing or which have been terminated by operation of the

Uniform Commercial Code in effect in the applicable state and (iii) financing statements filed in connection with Permitted Liens.

3.3 Chief Executive Office. The chief executive office of the Assignor is located at 401 W. Carl Karcher Way, Anaheim, CA 92801. The originals of the Collateral Records are located at the locations identified on Schedule II as such or at the chief executive office of the Assignor. All Contracts are maintained at, and controlled and directed (including, without limitation, for general accounting purposes) from the chief executive office or the offices identified on Schedule III as such.

3.4 Contracts.

(a) Each Contract (i) is the legal, valid, and binding obligation of each of the parties thereto, (ii) is enforceable against each party thereto in accordance with its terms, (iii) is in full force and effect and is not subject to any setoffs, defenses, taxes, counterclaims or other claims, nor have any of the foregoing been asserted or alleged as to any Contract, and (iv) is in compliance with all applicable laws, whether federal, state, local or foreign.

(b) No consent or authorization or filing with or other act of any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of any Contract by any party thereto other than those which have been duly obtained, made or performed, are in full force and effect and do not subject the scope of any Contract to any material adverse limitation, either specific or general in nature.

(c) As of the Closing Date, neither the Assignor nor to the best knowledge of the Assignor any other party to any Contract is in default in the performance or observance of any of the material terms thereof.

(d) The Assignor has delivered to the Agent a complete and correct copy of each Material Contract, including all amendments, supplements and other modifications thereto.

(e) No party to any Contract is the United States government or an instrumentality thereof.

(f) Except for the Contracts listed on Schedule VII hereto, no (i) Franchise Agreement with respect to which the Borrower is a party as a franchisor or licensor, (ii) other Contract entered into on or after July 12, 1997 or (iii) joint venture or partnership agreement or limited liability company agreement which represents an Investment which does not constitute an Immaterial Subsidiary or an Immaterial Investment, prohibits assignment or requires or purports to require consent of or notice to any Person in connection with assignment hereunder except for those which have been obtained on or before the date hereof.

3.5 Tradenames; Prior Names. The only names under which the Assignor is conducting business as of the date hereof or has conducted business during the last five years are as set forth on Schedule IV.

3.6 Intellectual Property Collateral. Except as disclosed in Item H of Schedule V, as of the date hereof:

(a) all Intellectual Property Collateral which is material to the Assignor's business is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and the Assignor has performed all acts and has paid all renewal, maintenance, and other fees and taxes required to maintain each and every registration and application for Intellectual Property Collateral in full force and effect;

(b) to the best of the Assignor's knowledge, all Intellectual Property Collateral is valid and enforceable; no holding, decision, or judgment has been rendered in any action or proceeding before any court or administrative authority challenging the validity of, the Assignor's right to register, or the Assignor's rights to own or use, any Intellectual Property Collateral and no such action or proceeding is pending or, to the best of the Assignor's knowledge, threatened;

(c) all registrations and applications for Copyrights, Patents and Trademarks are standing in the name of the Assignor, and none of the Trademarks, Patents, Copyrights or Trade Secrets included in the Collateral has been licensed by the Assignor to any affiliate or third party, except as disclosed in Items B, D, F, or G of Schedule V;

(d) the Assignor has been using appropriate statutory notice of registration in connection with its use of registered Trademarks, proper marking practices in connection with the use of Patents, and appropriate notice of copyright in

connection with the publication of Copyrights material to the business of the Assignor;

(e) the Assignor uses adequate standards of quality in the manufacture, distribution, and sale of all products sold and in the provision of all services rendered under or in connection with all material Trademarks included in the Collateral and has taken all action necessary to ensure that all licensees of the material Trademarks included in the Collateral owned by the Assignor use adequate standards of quality;

(f) Schedule V sets forth a true and accurate list of (i) all Patent Licenses, Trademark Licenses and Copyright Licenses to which Assignor is a party which are material to the business of any Loan Party and (ii) all United States, state and foreign registrations of and applications for Patents, Trademarks, and Copyrights owned by the Assignor;

(g) the Assignor is the sole and exclusive beneficial and record owner of the entire right, title, and interest in and to all Intellectual Property Collateral on Schedule V, and owns or has the valid right to use all other Intellectual Property Collateral used in or necessary to conduct its business, free and clear of all Liens, claims and encumbrances, licenses, except for Permitted Liens and the licenses set forth on Schedule V items B, D, F and G;

(h) to the best of the Assignor's knowledge, the conduct of the Assignor's business does not infringe upon any trademark, patent, copyright, trade secret or similar intellectual property right owned or controlled by a third party; no claim has been made or, to the best of the Assignor's knowledge, threatened, against the Assignor that the use of any Intellectual Property Collateral owned or used by Assignor (or any of its respective licensees) violates the rights of any third party;

(i) to the best of the Assignor's knowledge, no third party is infringing upon any Intellectual Property Collateral owned or used by the Assignor;

(j) no settlement or consents, covenants not to sue, non-assertion assurances, or releases have been entered into by the Assignor or to which the Assignor is bound that adversely affect the Assignor's rights to own or use any Intellectual Property Collateral; and

(k) The Assignor has not made a previous assignment, sale, transfer, or agreement constituting a present or future assignment sale, transfer, of

any Intellectual Property Collateral that has not been terminated or released. There is no effective financing statement or other document or instrument now executed, or on file or recorded in any public office, granting a security interest in or otherwise encumbering any part of the Intellectual Property Collateral, other than in favor of the Agent or in favor of the holder of any Permitted Lien.

3.7 Partnership Interests. No interest owned by Assignor in any limited or general partnership or in any joint venture or any limited liability company (a) is evidenced by a certificate, (b) is evidenced by a credit to a securities account, (c) is dealt in or traded on a securities exchange or in a securities market, (d) by its terms expressly provides that it is a security governed by Article 8 of the Uniform Commercial Code in effect in the State of Illinois, the jurisdiction of formation of the Issuer and any other applicable jurisdiction (collectively, the "Applicable UCC"), (e) is an investment company security, (f) is held in a securities account or (g) constitutes a "security" or a "financial asset" as such terms are defined in Article 8 of the Applicable UCC, and Assignor has never received a certificate as evidence of any such interest.

3.8 Instruments; Chattel Paper. No payments due the Assignor under any Account or General Intangible are evidenced by any Instrument or Chattel Paper which has not been delivered to the Agent.

ARTICLE IV

COVENANTS

The Assignor covenants and agrees with the Agent and the Secured Parties that, from and after the date of this Security Agreement until all the Obligations have been indefeasibly paid in full and the Revolving Loan Commitments and all Letters of Credit shall have expired or been terminated:

4.1 Further Assurances.

(a) At any time and from time to time, upon the request of the Agent, and at the sole expense of the Assignor, the Assignor will promptly and duly execute and deliver any and all such further instruments, endorsements, powers of attorney and other documents, make such filings, give such notices and take such further action as the Agent may reasonably deem necessary in obtaining the full

benefits of this Security Agreement and of the rights, remedies and powers herein granted, including, without limitation, the following:

(i) the filing of any financing statements, in form acceptable to the Agent under the Uniform Commercial Code in effect in any jurisdiction with respect to the Liens and security interests granted hereby. The Assignor also hereby authorizes the Agent to file any such financing statement without the signature of the Assignor to the extent permitted by applicable law. A photocopy or other reproduction of this Security Agreement shall be sufficient as a financing statement and may be filed in lieu of the original to the extent permitted by applicable law. The Assignor will pay or reimburse the Agent for all filing fees and related expenses;

(ii) the recordation of appropriate evidence of the liens and security interest granted hereunder in the Intellectual Property Collateral with any intellectual property registry in which said Intellectual Property Collateral is registered or in which an application for registration is pending including, without limitation, the United States Patent and Trademark Office, the United States Copyright Office, the various state and foreign counterparts of any of the foregoing, and the registration of material copyrights in the U.S. Copyright Office;

(iii) the making or reimbursement of the Agent for making all searches deemed necessary by the Agent to establish and determine the priority of the security interests of the Agent or to determine the presence or priority of other secured parties; and

(iv) furnishing to the Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Agent may reasonably request, all in reasonable detail and in form satisfactory to the Agent.

4.2 Change of Chief Executive Office. The Assignor will not move its chief executive office except to such new location as the Assignor may establish in accordance with the last sentence of this Section. The originals of all Collateral Records will continue to be kept at such chief executive office or at the locations

identified on Schedule II as such, or at such new locations as the Assignor may establish in accordance with the last sentence of this Section. All Contracts of the Assignor will continue to be maintained at, and controlled and directed (including, without limitation, for general accounting purposes) from, a location identified as such on Schedule III, or such new locations as the Assignor may establish in accordance with the last sentence of this Section. The Assignor shall not establish a new location for its chief executive office or such activities (or move any such activities from the location listed in Schedules II or III therefor) until (i) it shall have given to the Agent not less than 30 days' prior written notice of its intention to do so, clearly describing such new location and providing such other information in connection therewith as the Agent may reasonably request, and (ii) with respect to such new location, it shall have taken all action satisfactory to the Agent as the Agent may reasonably request to maintain the security interest of the Agent in the Collateral intended to be granted hereby at all times fully perfected with the same or better priority and in full force and effect.

4.3 Change of Name; Identity or Corporate Structure. The Assignor shall not change its name or conduct any significant portion of its business under any new tradenames, identity or corporate structure until (i) it shall have given to the Agent not less than 30 days' prior written notice of its intention to do so, clearly describing such new name, identity or corporate structure or such new tradename and providing such other information in connection therewith as the Agent may reasonably request, and (ii) with respect to such new name, identity or corporate structure or such new tradename, it shall have taken all action satisfactory to the Agent as the Agent may reasonably request to maintain the security interest of the Agent in the Collateral intended to be granted hereby at all times fully perfected with the same or better priority and in full force and effect.

4.4 Maintain and Mark Records. The Assignor will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral, including, but not limited to, the originals of all documentation with respect to all Contracts and records of all payments received and all credits granted on the Contracts and all other dealings therewith.

4.5 Right of Inspection. The Agent shall at all times have full and free access, upon reasonable notice and during normal business hours, to all the books, correspondence and records of the Assignor, and the Agent and its representatives may examine the same, take extracts therefrom and make photocopies thereof, and the Assignor agrees to render to the Agent, at the Assignor's cost and expense,

such clerical and other assistance as may be reasonably requested with regard thereto. The Agent and its representatives shall, upon reasonable notice and at such reasonable times as the Agent may desire, also have the right to enter and inspect any Restaurant or other property of the Assignor for the purpose of inspecting the same, observing its use or otherwise protecting its interests therein; provided that if an Event of Default shall have occurred and be continuing, the Agent and its representatives may exercise such rights without notice at any time or times.

4.6 Contracts. The Assignor shall (a) if an Event of Default shall have occurred and be continuing, one Business Day after the day it shall give any material notice to any Person under any of the Material Contracts, deliver a copy of such notice to the Agent, and whenever it shall receive any material notice from any Person under or relating to any of the Material Contracts, promptly deliver a copy thereof to the Agent; (b) not at any time exercise or assert any right of cancellation or termination reserved to it under any of the Contracts, or amend or modify any of the material terms of any of the Contracts or any other term, or waive any of its rights or remedies under any Contract if the making of any such assertion of any such right of cancellation or termination or any such amendment, modification or waiver could, individually or in the aggregate with all other such assertions of rights of cancellation or termination, amendments, modifications or waivers, reasonably be expected to result in a Material Adverse Effect, without the prior written consent of the Agent; (c) compromise or settle any dispute, claim or legal proceeding with respect to any Contract in any manner which could, individually or in the aggregate with all other such compromises or settlements, reasonably be expected to result in a Material Adverse Effect, without the prior written consent of the Agent; (d) not enter into any Contract, document, Franchise Agreement or other agreement with respect to which the Assignor is the franchisor or licensor under such agreement, or any amendment to any such Contract, document, Franchise Agreement or other agreement which in any case would require the consent of any Person for, or restrict or limit the ability of, the Assignor to assign or to grant a security interest therein or in any of the rights or obligations thereunder to the Agent for the benefit of the Secured Parties; or (e) prior to entering into any joint venture, partnership or limited liability company permitted by the Credit Agreement, use its best efforts to have the terms of such joint venture, partnership or limited liability company not require the consent of any Person for, or restrict or limit the ability of, such Grantor to assign or to grant a security interest in the Grantor's interests in such joint venture, partnership or limited liability company to the Agent for the benefit of the Secured Parties. The Assignor shall promptly and diligently exercise each material right it may have under each Material Contract (except the right of termination). The Assignor shall deliver to the

Agent a copy of each Material Contract entered into after the date hereof by the Assignor promptly upon the Assignor entering into each such Material Contract. Upon the occurrence of any Event of Default, the Assignor shall establish such lock-box arrangements for the collection of payments under Contracts as the Agent may require in its sole discretion. If the Assignor shall make any material amendment or other modification to the form of Franchise Agreement with respect to which the Assignor is the franchisor or licensor used by the Assignor in its business (the "Form Franchise Agreement"), or if the Assignor commences using a Form Franchise Agreement different than the representative Form Franchise Agreement provided to the Agent on the Closing Date pursuant to Section 4.1(x) of the Credit Agreement, then the Assignor shall provide a copy of each such amendment, modification or new Form Franchise Agreement to the Agent promptly upon entering into any such amendment or modification or adoption of such new form; provided that in no event will the Assignor use any Form Franchise Agreement which will, or amend any such Form Franchise Agreement to, require the consent of any Person for, or restrict or limit the ability of, the Assignor to assign or grant a security interest therein or in any of the rights or obligations thereunder.

4.7 No Impairment. The Assignor will not take or permit to be taken any action which could impair the Agent's or any Secured Party's rights in the Collateral.

4.8 Notice. The Assignor will advise the Agent and the Secured Parties promptly, in reasonable detail, in accordance with the provisions hereof (a) of any Lien (other than Permitted Liens) on, or claim asserted against, any of the Collateral and (b) of the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or any material component thereof or on the Liens created hereunder.

4.9 Performance by the Agent of Assignor's Obligations; Reimbursement. If the Assignor fails to perform or comply with any of its agreements contained herein, the Agent may, without notice to or consent by the Assignor, perform or comply or cause performance or compliance therewith and the reasonable expenses of the Agent incurred in connection with such performance or compliance, together with interest thereon at a rate per annum equal to 2% above the Base Rate, shall be payable by the Assignor to the Agent on demand and such reimbursement obligation shall be secured hereby.

4.10 Negative Pledge. The Assignor will not create, incur or permit to exist any pledge of or any Lien or claim on or to any of the Collateral, and will defend the Collateral against, and will take such other action as is necessary to remove, any Lien or claim on or to any of the Collateral, other than the liens created hereby and other than Permitted Liens, and Assignor will defend the right, title and interest of the Agent and the other Secured Parties against the claims and demands of all Persons whomsoever other than holders of Permitted Liens on the Collateral entitled to priority therein under applicable law, and the Assignor shall not sign any financing statement with respect to any Collateral unless the Agent is listed as secured party thereon other than with respect to Permitted Liens.

4.11 Intellectual Property.

(a) The Assignor shall not do any act or omit to do any act whereby any of the Intellectual Property Collateral which is material to the business of any Loan Party may lapse, or become abandoned, dedicated to the public, or unenforceable, or which would adversely affect the validity, grant, or enforceability of the security interest granted therein except as permitted by the Credit Agreement in connection with an Asset Disposition permitted pursuant to Section 7.5 thereof.

(b) The Assignor shall not, with respect to any Trademarks which are material to the business of the Assignor, cease the use of any of such Trademarks or fail to maintain the level of the quality of products sold and services rendered by the Assignor under any of such Trademark at a level at least substantially consistent with the quality of such products and services as of the date hereof, and the Assignor shall take all steps necessary to ensure that licensees of such Trademarks use such consistent standards of quality;

(c) The Assignor shall, within thirty (30) days of the creation or acquisition of any copyrightable work which is material to the business of any Loan Party, apply to register the Copyright in the United States Copyright Office.

(d) The Assignor shall promptly notify the Agent if it knows or receives notice that any item of the Intellectual Property Collateral that is material to the business of any Loan Party may become (a) abandoned or dedicated to the public or placed in the public domain, (b) invalid or unenforceable, or (c) subject to any adverse determination or development (including the institution of proceedings) in any action or proceeding in the United States Patent and Trademark Office, the

United States Copyright Office, any state registry, any foreign counterpart of the foregoing, or any court.

(e) The Assignor shall take all reasonable steps in the United States Patent and Trademark Office, the United States Copyright Office, any state registry or any foreign counterpart of the foregoing, to pursue any application and maintain any registration of each Trademark, Patent, and Copyright owned by the Assignor and material to its business which is now or shall become included in the Intellectual Property Collateral including, but not limited to, those items on Schedule V Items A, C and E.

(f) In the event that any Intellectual Property Collateral owned by or licensed to the Assignor and material to the Assignor's business is infringed, misappropriated, or diluted by a third party, the Assignor shall promptly take all reasonable actions to stop such infringement, misappropriation, or dilution and protect its exclusive rights in such Intellectual Property Collateral including, but not limited to, the initiation of a suit for injunctive relief and to recover damages.

(g) The Assignor shall promptly (but in no event more than thirty (30) days after the Assignor obtains knowledge thereof) report to the Agent (i) the filing of any application to register any Intellectual Property Collateral with the United States Patent and Trademark Office, the United States Copyright Office, or any state registry or foreign counterpart of the foregoing (whether such application is filed by the Assignor or through any agent, employee, licensee, or designee thereof) and (ii) the registration of any Intellectual Property Collateral by any such office. The Assignor hereby authorizes the Agent to modify this Agreement by amending Schedule V and will otherwise cooperate with the Agent in effecting any such amendment to include any item of the Intellectual Property Collateral which shall become part of the Intellectual Property Collateral after the date hereof.

(h) The Assignor shall, promptly upon the reasonable request of the Agent, execute and deliver to the Agent any document required to acknowledge, confirm, register, record, or perfect the Agent's interest in any part of the Intellectual Property Collateral, whether now owned or hereafter acquired, including, but not limited to, one or more Patent, Trademark, and Copyright Security Agreements in a form reasonably acceptable to the Agent and suitable for filing in the United States Patent and Trademark Office and the United States Copyright Office, as applicable.

(i) Except with the prior consent of the Agent or as permitted under the Credit Agreement, the Assignor will not execute, and there will not be on file in any public office, any financing statement or other document or instruments, except financing statements or other documents or instruments filed or to be filed in favor of the Agent and the Assignor will not sell, assign, transfer, license, grant any option, or create or suffer to exist any Lien upon or with respect to the Intellectual Property Collateral, except for the Lien created by and under this Security Agreement and the other Loan Documents.

4.12 Partnership Interests. The Assignor will not at any time permit any interest owned by the Assignor in any limited or general partnership or any joint venture or limited liability company to (a) be evidenced by a certificate, (b) be dealt in or traded on a securities exchange or in a securities market, (c) by its terms expressly provide that it is a security governed by Article 8 of the Uniform Commercial Code in effect in the State of Illinois, the jurisdiction of formation of the Issuer and any other applicable jurisdiction, (d) be an investment company security, (e) be held in a securities account or (f) constitute a "security" or a "financial asset" as such terms are defined in Article 8 of the Applicable UCC.

ARTICLE V

SPECIAL PROVISIONS REGARDING CONTRACTS

5.1 Assignor Remains Liable under Contracts. Anything herein to the contrary notwithstanding (including, without limitation, the grant of any rights to the Agent), the Assignor shall remain liable under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Contract. Neither the Agent nor any Secured Party shall have any obligation or liability under any Contract by reason of or arising out of this Security Agreement or the receipt by the Agent or any of the Secured Parties of any payment relating to such Contract pursuant hereto, nor shall the Agent or any of the Secured Parties be obligated in any manner to perform any of the obligations of the Assignor under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts

which may have been assigned to it or to which it may be entitled at any time or times.

5.2 Notice to Contracting Parties. If an Event of Default shall have occurred and be continuing, the Agent shall have the right, at its option, to, and, upon the request of the Agent the Assignor shall, notify all other parties to the Contracts and Accounts of this Security Agreement and that the Contracts and Accounts have been assigned to the Agent, and that payments in respect thereof shall be made directly to the Agent or as the Agent otherwise directs. At any time, if an Event of Default shall have occurred and be continuing, the Agent may in its own name or in the name of others communicate with parties to Contracts and Account debtors to verify with them to its satisfaction the existence, amount and terms of any Contracts and Accounts, respectively.

5.3 Collections on Accounts and Contracts. At any time that an Event of Default shall have occurred and be continuing, the Agent may, at any time, itself, or by its agents, collect all Accounts and amounts owing to the Assignor under Contracts. If required by the Agent at any time after an Event of Default shall have occurred and be continuing, any payments of Accounts and Contracts, when collected by the Assignor, shall be forthwith (and, in any event, within two Business Days) delivered by the Assignor to the Agent in the exact form received, duly indorsed by the Assignor to the Agent if requested, for deposit in the Collateral Account, and, until so turned over, shall be held by the Assignor in trust for the Agent and the Secured Parties, segregated from other funds of the Assignor. All Proceeds, while held by the Agent (or by the Assignor in trust for the Agent and the Secured Parties) shall continue to be Collateral securing all of the Obligations and shall not constitute payment thereof until applied as hereinafter provided.

ARTICLE VI

COLLATERAL ACCOUNT

6.1 Collateral Account. If an Event of Default shall have occurred and be continuing, there shall be established with the Agent the Collateral Account. The Collateral Account shall be under the sole and exclusive dominion and control of the Agent, and the Assignor shall have no rights with respect to the Collateral Account except as specifically set forth below with regard to determination of the nature of investments to be made with amounts credited to the Collateral Account.

Without limiting the generality of the foregoing, the Assignor shall have no right of withdrawal or transfer from the Collateral Account.

6.2 Deposit of Proceeds. If an Event of Default shall have occurred and be continuing, there shall be deposited in the Collateral Account from time to time the cash proceeds (as defined in Section 9-306(1) of the UCC) of any of the Collateral required to be delivered to the Agent pursuant hereto. All amounts and investments and other items credited to the Collateral Account from time to time shall constitute Collateral hereunder and shall not constitute payment of the Obligations until applied as hereinafter provided. At any time following the occurrence and during the continuance of any Event of Default, the Agent may in its discretion apply or cause to be applied (subject to collection) the balance from time to time outstanding to the credit of the Collateral Account to the payment of the Obligations in the manner specified herein.

ARTICLE VII

POWER OF ATTORNEY

The Assignor hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Assignor and in the name of the Assignor or in its own name, from time to time in the Agent's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Security Agreement.

The Assignor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

ARTICLE VIII

REMEDIES

8.1 Rights and Remedies Generally. Each of the Agent and each Secured Party shall have all the rights of a secured party under the Uniform Commercial Code as in effect from time to time in the State of Illinois, shall have all rights now or hereafter existing under all other applicable laws and all the rights set forth in this Security Agreement and all the rights set forth with respect to the Collateral or this Security Agreement in any other agreement between the parties.

8.2 Contracts. (a) If any Event of Default shall occur and be continuing, the Agent shall have the right to (i) assert, either directly or on behalf of the Assignor, any claims the Assignor may have, from time to time, against any party with respect to any Contract as the Agent may deem proper, (ii) receive and collect any amounts due to the Assignor in respect of any Contract, and to apply all such amounts to the Obligations in such manner as the Agent shall determine, and/or (iii) succeed to the Assignor's interest in any of the Contracts without in any way waiving such Event of Default, without notice to the Assignor and without regard to the adequacy of the security for the indebtedness secured hereby, either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and in its own name exercise any remedy or enforce any rights of the Assignor under any Contract.

(b) If an Event of Default shall occur and be continuing, (i) the Agent may instruct the obligor or obligors on any obligation owing or purporting to be owed to the Assignor constituting the Collateral to make any payment required by the terms of such obligation directly to the Agent; (ii) the Agent shall have the right from time to time to modify (including, without limitation, to extend the time for payment or arrange for payment in installments) or waive rights under any such obligation and to compromise or settle counterclaims or setoffs with the obligor under any such obligation; and (iii) any and all of such proceeds of such collections paid to the Agent, or any part thereof, (after deduction of the Agent's reasonable expenses of collection, including, without limitation, reasonable attorneys' fees and disbursements) may, in the sole discretion of the Agent, be held by the Agent in the Collateral Account as Collateral hereunder and/or then or at any time or from time to time thereafter, be applied by the Agent against the Obligations (whether matured or unmatured) as set forth in Section 7.3 hereof.

8.3 Proceeds. (a) If an Event of Default shall occur and be continuing, (i) all Proceeds received by the Assignor consisting of cash, checks and other near-cash items shall be held by the Assignor in trust for the Agent and the other Secured Parties, segregated from other funds of the Assignor in a separate deposit account containing only Proceeds, and shall forthwith, upon receipt by the Assignor, be turned over to the Agent in the same form received by the Assignor (appropriately indorsed or assigned by the Assignor to the order of the Agent or in such other manner as shall be satisfactory to the Agent) and (ii) any and all such Proceeds received by the Agent (whether from the Assignor or otherwise), or any part thereof, may, in the sole discretion of the Agent, be held by the Agent as Collateral hereunder and/or then or at any time or from time to time thereafter be applied by the Agent against the Obligations (whether matured or unmatured), as set forth below.

(b) The proceeds received by the Agent in respect of any sale of, collection from or other realization upon all or any part of the Collateral shall be applied, together with any other sums held by the Agent pursuant to this Security Agreement, by the Agent to the Obligations in such order as may be required by the Credit Agreement or, to the extent not specified therein, as the Agent may determine.

8.4 Recourse. The Assignor shall remain liable for any deficiency if application by the Agent of the Collateral to the Obligations is insufficient to satisfy the Obligations. The Assignor shall also be liable for all reasonable expenses of the Agent incurred in connection with collecting such deficiency, including, without limitation, the fees and disbursements of any attorneys employed by the Agent to collect such deficiency.

8.5 Expenses; Attorneys' Fees. The Assignor shall reimburse the Agent for all its reasonable expenses in connection with the exercise of its rights hereunder, which shall include all reasonable attorneys' fees and legal expenses of the Agent. All such expenses shall be secured hereby.

8.6 Limitation on Duties Regarding Preservation of Collateral. (a) The Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Agent deals with similar property for its own account.

(b) The Agent shall have no obligation to take any steps to preserve rights against prior parties to any Collateral.

(c) Neither the Agent nor any of its employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Assignor or otherwise.

8.7 Waiver of Claims. Except as otherwise provided in this Security Agreement, **THE ASSIGNOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE AND JUDICIAL HEARING IN CONNECTION WITH THE AGENT'S TAKING POSSESSION OR THE AGENT'S DISPOSITION OF ANY OF THE COLLATERAL, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT WHICH THE ASSIGNOR WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE,** and the Assignor hereby further waives, to the extent permitted by law:

(a) all damages occasioned by such taking of possession except any damages which are incurred solely by reason of the Agent's gross negligence or willful misconduct as finally determined by a court of competent jurisdiction;

(b) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Agent's and the other Secured Parties' rights hereunder;

(c) demand of performance or other demand, notice of intent to demand or accelerate, notice of acceleration, presentment, protest, advertisement or notice of any kind to or upon the Assignor or any other Person; and

(d) all rights of redemption, appraisement, valuation, diligence, stay, extension or moratorium now or hereafter in force under any applicable law in order to hinder, prevent or delay the enforcement of this Security Agreement or the absolute sale of the Collateral or any portion thereof and the Assignor, for itself and all who may claim under it, insofar as it or they now or hereafter lawfully may, hereby waives the benefit of all such laws.

8.8 Intellectual Property Collateral License. Solely for the purpose of enabling the Agent to exercise rights and remedies under this Article VIII and at such

time as the Agent shall be lawfully entitled to exercise such rights and remedies, the Assignor hereby grants to the Agent for itself and the benefit of the Secured Parties, an irrevocable, non-exclusive worldwide license (exercisable without payment of royalty or other compensation to the Assignor), subject, in the case of Trademarks, to sufficient rights to quality control and inspection in favor of the Assignor to avoid invalidation of said Trademarks, to use, operate under, export, sell, license, or sublicense any Intellectual Property Collateral now owned or hereafter acquired by the Assignor.

8.9 Discontinuance of Proceedings. In case the Agent shall have instituted any proceeding to enforce any right, power or remedy under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Agent, then and in every such case the Assignor and the Agent and the Secured Parties shall be returned to their former positions and rights hereunder with respect to the Collateral subject to the security interest created under this Security Agreement, and all rights, remedies and powers of the Agent shall continue as if no such proceeding had been instituted.

ARTICLE IX

INDEMNITY

9.1 Indemnity.

(a) The Assignor agrees to indemnify, reimburse and hold the Agent and each Secured Party, and their respective Affiliates, officers, directors, employees, representatives and agents (hereinafter in this Section referred to individually as "Indemnitee" and collectively as "Indemnities") harmless from any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, suits, costs, expenses or disbursements (including reasonable attorneys' fees and expenses) (for the purposes of this Section the foregoing are collectively called "expenses") for whatsoever kind or nature which may be imposed on, asserted against or incurred by any of the Indemnities in any way relating to or arising out of this Security Agreement or the documents executed in connection herewith or in any other way connected with the administration of the transactions contemplated hereby or the enforcement of any of the terms of or the preservation of any rights hereunder, or in any way relating to or arising out of the manufacture, ownership, ordering, pur-

chase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition or use of the Collateral (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any country, state or other governmental body or unit, any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability, or for or on account of injury to or the death of any Person (including any Indemnitee), or for property damage) or any contract claim; provided that no Indemnitee shall be indemnified pursuant to this Section for expenses to the extent caused by the gross negligence or wilful misconduct as finally determined by a court of competent jurisdiction of such Indemnitee.

(b) Without limiting the application of clause (a) of this Section, the Assignor agrees to pay, or reimburse the Agent for any and all reasonable fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Agent's Liens on, and security interest in, the Collateral, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Collateral, premiums for insurance with respect to the Collateral and all other reasonable fees, costs and expenses in connection with protecting, maintaining or preserving the Collateral and the Agent's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Collateral.

(c) Without limiting the application of clauses (a) or (b) of this Section, the Assignor agrees to pay, indemnify and hold each Indemnitee harmless from and against any expenses which such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by the Assignor in this Security Agreement or in any statement or writing contemplated by or made or delivered pursuant to or in connection with this Security Agreement.

(d) If and to the extent that the obligations of the Assignor under this Section are unenforceable for any reason, Assignor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

9.2 Indemnity Obligations Secured by Collateral; Survival. Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Obligations secured by the Collateral. The indemnity

obligations of the Assignor contained in this Article shall continue in full force and effect notwithstanding the full payment and performance of the Obligations and notwithstanding the discharge thereof.

ARTICLE X

MISCELLANEOUS

10.1 Right of Setoff. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence and during the continuance of an Event of Default, the Agent is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to the Assignor or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special, time or demand, provisional or final, and including, without limitation, the Accounts) and any other indebtedness at any time held or owing by the Agent to or for the credit or the account of the Assignor against and on account of the Obligations, irrespective of whether or not the Agent shall have made any demand hereunder or under the Guaranty and although said Obligations, liabilities or claims, or any of them, shall be contingent or unmatured.

10.2 Subrogation and Contribution. Until the Obligations have been paid indefeasibly in full and the Revolving Loan Commitments and all Letters of Credit under the Credit Agreement have been terminated or have expired, the Assignor irrevocably waives any and all rights to which it may be entitled, by operation of law or otherwise, upon making any payment hereunder (i) to be subrogated to the rights of the Agent against any Loan Party with respect to such payment or otherwise to be reimbursed, indemnified or exonerated by any Loan Party in respect thereof or (ii) to receive any payment, in the nature of contribution or for any other reason, from any Loan Party with respect to such payment. If any amount shall be paid to the Assignor in violation of the preceding sentence and the Obligations shall not have been paid in cash in full and the Revolving Loan Commitments and Letters of Credit have not been terminated, such amount shall be deemed to have been paid to the Assignor for the benefit of, and held in trust for, the Agent, the Lenders and any Interest Rate Hedge Providers, and shall forthwith be paid to the Agent to be credited and applied to the Obligations, whether matured or unmatured.

10.3 Waiver. To the extent permitted by applicable law, the Assignor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Security Agreement and any requirement that the Agent protect, secure, perfect or insure any security interest or any property subject thereto or exhaust any right or take any action against the Assignor or any other person or entity.

10.4 Termination; Release. When the Obligations have been indefeasibly paid and performed in full and the Revolving Loan Commitments and all Letters of Credit shall have expired or been terminated, this Security Agreement shall terminate, and the Agent, at the request and sole expense of the Assignor, will execute and deliver to the Assignor the proper instruments (including Uniform Commercial Code termination statements) acknowledging the termination of this Security Agreement, and will duly assign, transfer and deliver to the Assignor, without recourse, representation or warranty of any kind whatsoever, such of the Collateral as may be in possession of the Agent and has not theretofore been disposed of, applied or released.

10.5 Notices. All notices and other communications provided for hereunder shall be given to the respective parties hereto at the addresses specified on the signature page hereto and in the manner specified in the Credit Agreement.

10.6 Successors and Assigns. This Security Agreement shall be binding upon and inure to the benefit of the Assignor, the Secured Parties, all future holders of the Obligations and each of their respective successors and assigns, except that the Assignor may not assign or transfer any of its rights or obligations under this Security Agreement without the prior written consent of the Agent and each other Secured Party.

10.7 Waivers and Amendments. None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 10 of the Credit Agreement, and any such waiver shall apply only with respect to the particular subject of such waiver and only for the time specified in such waiver.

10.8 No Waiver; Remedies Cumulative. No failure or delay on the part of the Agent in exercising any right, power or privilege hereunder, and no course of dealing between the Assignor and the Agent or any Secured Party, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privi-

lege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Agent of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy that the Agent would otherwise have on any future occasion. The rights and remedies herein expressly provided are cumulative and may be exercised singly or concurrently and as often and in such order as the Agent deems expedient and are not exclusive of any rights or remedies that the Agent would otherwise have, whether by security agreement or now or hereafter existing under applicable law. No notice to or demand on the Assignor in any case shall entitle the Assignor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Agent to any other or future action in any circumstances without notice or demand.

10.9 Headings Descriptive. The headings of the several sections and subsections of this Security Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Security Agreement.

10.10 Marshalling. Neither the Agent nor any Secured Party shall be under any obligation to marshal any assets in favor of the Assignor or any other Person or against or in payment of any or all of the Obligations.

10.11 Severability. In case any provision in or obligation under this Security Agreement or the Obligations shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

10.12 Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and coupled with an interest.

10.13 Effectiveness. This Security Agreement shall become effective on the date on which the Assignor shall have signed a counterpart hereof and shall have delivered the same to the Agent.

10.14 Limitation of Liability. No claim may be made by Assignor or any other Person against the Agent or any Secured Party or the Affiliates, directors, officers, employees, attorneys or agent of any of them for any special, indirect,

consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Security Agreement or any other Transactions, or any act, omission or event occurring in connection therewith; and Assignor hereby waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor and Assignor agrees to notify the Agent and each Secured Party, as applicable, of any such claim promptly upon learning of any such claim.

10.15 GOVERNING LAW; SUBMISSION TO JURISDICTION.

THIS SECURITY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS (WITHOUT GIVING EFFECT TO THE PRINCIPLES THEREOF RELATING TO CONFLICTS OF LAW). ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS SECURITY AGREEMENT AND ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF ILLINOIS OR OF THE UNITED STATES OF AMERICA FOR THE NORTHERN DISTRICT OF ILLINOIS, AND, BY EXECUTION AND DELIVERY OF THIS SECURITY AGREEMENT, THE ASSIGNOR HEREBY CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE JURISDICTION OF THE AFORESAID COURTS SOLELY FOR THE PURPOSE OF ADJUDICATING ITS RIGHTS WITH RESPECT TO THIS SECURITY AGREEMENT OR ANY DOCUMENT RELATED HERETO. THE ASSIGNOR HEREBY IRREVOCABLY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS IN RESPECT OF THIS SECURITY AGREEMENT OR ANY DOCUMENT RELATED HERETO. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE AGENT OR ANY SECURED PARTY TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE ASSIGNOR IN ANY OTHER JURISDICTION.

10.16 WAIVER OF TRIAL BY JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE ASSIGNOR AND

THE AGENT HEREBY IRREVOCABLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY LITIGATION, ACTION, PROCEEDING OR COUNTERCLAIM BASED HEREON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS SECURITY AGREEMENT OR ANY MATTER ARISING HEREUNDER.

10.17 Counterparts. This Security Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

10.18 Loan Document. This Security Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof.

10.19 The Agent. Paribas has been appointed the Agent of the Lenders hereunder pursuant to Section 9 of the Credit Agreement, and the Agent has agreed to act (and any successor Agent shall act) as such hereunder only on the express conditions contained in such Section 9. Any successor Agent appointed pursuant to Section 9.9 of the Credit Agreement shall be entitled to all the rights, interests and benefits of the Agent hereunder.

10.20 References. Unless otherwise expressly specified herein, all references to "Article," "Section," or "Schedule" shall mean articles and sections of, and schedules to, this Security Agreement.

IN WITNESS WHEREOF, the Assignor and the Agent have caused this Security Agreement to be duly executed and delivered as of the date first above written.

CKE RESTAURANTS, INC., ASSIGNOR

By: _____

Name: Carl A. Strunk
Title: Executive Vice President and
Chief Financial Officer

Address: 401 W. Carl Karcher Way
Anaheim, California 92801

Attention: General Counsel
Facsimile: (714) 520-4485

PARIBAS, AS AGENT

By: _____

Name: Clark C. King
Title: Director

By: _____

Name:
Title:

Address: 227 West Monroe
Suite 3300
Chicago, Illinois 60606

Attention:
Facsimile: (312) 853-6020

IN WITNESS WHEREOF, the Assignor and the Agent have caused this Security Agreement to be duly executed and delivered as of the date first above written.

CKE RESTAURANTS, INC., ASSIGNOR

By: _____

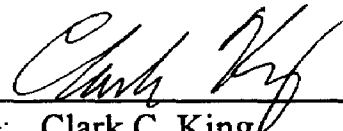
Name:

Title:

Address: 401 W. Carl Karcher Way
Anaheim, California 92801


Attention: General Counsel
Facsimile: (714) 520-4485

PARIBAS, AS AGENT

By: _____ 

Name: Clark C. King

Title: Director

By: _____ 

Name: FRANCOIS DELANGLE
Title: VICE PRESIDENT

Address: 227 West Monroe
Suite 3300
Chicago, Illinois 60606

Attention:
Facsimile: (312) 853-6020

LOCATIONS OF FILING OFFICES

Filing Offices

Secretary of State of the State of California

Schedule II to Borrower Security Agreement

LOCATIONS OF COLLATERAL RECORDS

401 W. Carl Karcher Way
Anaheim, California 92801

3916 State Street, Suite 300
Santa Barbara, California 92803

LOCATIONS OF CONTRACTS

401 W. Carl Karcher Way
Anaheim, California 92801

3916 State Street, Suite 300
Santa Barbara, California 92803

Schedule IV to Borrower Security Agreement

TRADENAMES; PRIOR NAMES

Tradenames; Prior Names

CKE Restaurants, Inc.

INTELLECTUAL PROPERTY

Item A: Copyright Registrations and Applications

None.

Item B. Copyright Licenses

None.

Item C: Patents and Applications

None.

Item D: Patent Licenses

None.

Item E: Trademark Registrations and Applications

See Attached.

Item F: Trademark Licenses

None.

Item G: Trade Secret Licenses

None.

Item H: Exceptions to Intellectual Property
Representations and Warranties

None.

REQUIRED CONSENTS (NOT OBTAINED)

Required Consents

None.

CKE RESTAURANTS, INC.

ITEM E: TRADEMARK APPLICATIONS

MARK	JURISDICTION	S/N / APPL. NO.	CLASSES	FILE DATE
STAR BUFFET	Federal (USA)	75/236,939	42	02/05/97
STAR BUFFET	Canada	852944	42	08/05/97